

## § 9401.105

Bureau's programs are conducted impartially and objectively.

### § 9401.105 Additional rules concerning outside employment for Bureau attorneys.

(a) *Prohibited outside practice of law.* In addition to the prior approval requirements under § 9401.103 and the outside employment restrictions under § 9401.104 of this part, an employee serving in an attorney position shall not engage in the practice of law outside his or her official Bureau duties that might require the attorney to:

(1) Take a position that is or appears to be in conflict with the interests of CFPB; or

(2) Interpret any statute, regulation, or rule administered or issued by the Bureau.

(b) *Exemption for self representation.* Nothing in this section prevents a Bureau attorney from acting as an agent or attorney for or otherwise representing himself or herself in the outside practice of law, except:

(1) In those matters in which the employee has participated personally and substantially as a Government employee; or

(2) In those matters which are the subject of the employee's official responsibility.

### § 9401.106 Prohibited financial interests.

(a) *Prohibited interests.* Except as permitted by this section, an employee or an employee's spouse or minor child shall not own or control a debt or equity interest in an entity supervised by the Bureau.

(b) *Exceptions.* Interests prohibited in paragraph (a) of this section do not include the ownership or control of a debt or equity interest in:

(1) *Mutual funds.* A publicly traded or publicly available mutual fund or other collective investment fund if:

(i) The fund does not have a stated policy of concentration in the financial services industry or the banking industry; and

(ii) Neither the employee nor the employee's spouse exercises or has the ability to exercise control over or selection of the financial interests held by the fund.

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(2) *Pension plans.* A widely held, diversified pension or other retirement fund that is administered by an independent trustee or custodian. Such a fund is diversified if it holds no more than 5% of the value of its portfolio in the securities of any one issuer (other than the United States Government) and no more than 20% in any particular economic or geographic sector (other than the United States).

(3) *Federal retirement and thrift savings plans.* Funds administered by the Thrift Plan for Employees of the Federal Reserve System, the Retirement Plan for Employees of the Federal Reserve System, the Thrift Savings Plan, or a Federal government agency.

(c) *Disqualification.* If an employee or an employee's spouse or minor child owns or controls a debt or equity interest that is prohibited under paragraph (a) of this section, the employee shall immediately disqualify himself or herself from participating in all particular matters involving an entity with which the employee or the employee's spouse or minor child has a debt or equity interest, unless and until the employee is granted a waiver pursuant to paragraph (d) of this section and the waiver includes an authorization allowing the employee to participate in such matters.

(d) *Waivers.* Upon request by the employee, the DAEO has the authority to grant an individual waiver under this paragraph, which authority may be delegated only to the Alternate DAEO. The DAEO, in consultation with senior management in the Division in which the employee works, may issue a written waiver permitting the employee or the employee's spouse or minor child to own or control a particular debt or equity interest that otherwise would be prohibited by this section, if:

(1) Mitigating circumstances exist due to the way the employee or the employee's spouse or minor child acquired ownership or control of the debt or equity interest. Mitigating circumstances may include, but are not limited to:

(i) The employee or the employee's spouse or minor child acquired the debt or equity interest through inheritance, gift, merger, acquisition, or other

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change in corporate structure, or otherwise without specific intent on the part of the employee or the employee's spouse or minor child; or

(ii) The employee's spouse received the debt or equity interest as part of a compensation package in connection with employment or prior to marriage to the employee;

(2) The employee makes a prompt and complete written disclosure of the debt or equity interest to the DAEO; and

(3) The disqualification of the employee from participating in particular matters involving an entity with which the employee or the employee's spouse or minor child has a debt or equity interest, as specified in the written waiver, would not unduly interfere with the full performance of the employee's duties.

(e) *Covered third party entities.* Immediately after becoming aware that a covered third party entity owns or controls a debt or equity interest that an employee would be prohibited from owning or controlling under paragraph (a) of this section, the employee shall report the interest in writing to the DAEO. The DAEO may require the employee to terminate the relationship with the covered third party entity, disqualify himself or herself from certain particular matters, or take other action as necessary to avoid a statutory violation, or a violation of the OGE Standards or the CFPB Ethics Regulations, including an appearance of misuse of position or loss of impartiality. For purposes of this paragraph (e), "covered third party entity" includes:

(1) A partnership in which the employee or the employee's spouse or minor child is a general partner;

(2) A partnership or closely held corporation in which the employee or the employee's spouse or minor child individually or jointly holds more than a 10 percent equity interest;

(3) A trust in which the employee or the employee's spouse or minor child has a legal or beneficial interest;

(4) An investment club or similar informal investment arrangement between the employee or the employee's spouse or minor child, and others;

(5) A qualified profit sharing, retirement, or similar plan in which the employee or the employee's spouse or minor child has an interest; or

(6) An entity in which the employee or the employee's spouse or minor child individually or jointly holds more than a 25 percent equity interest.

### **§ 9401.107 Prohibition on acceptance of credit on preferential terms from an entity supervised by the Bureau.**

An employee, and the employee's spouse or minor child, may not accept credit from or enter into any other financial relationship with an entity supervised by the Bureau, if the credit or financial relationship contains terms that are more favorable than those offered to the public in comparable circumstances.

### **§ 9401.108 Restrictions on seeking, obtaining, or renegotiating credit from an entity that is or represents a party to a matter to which an employee is assigned or may be assigned.**

(a) *Prohibition on employee seeking, obtaining, or renegotiating credit or indebtedness.* (1) While an employee is assigned to participate in a particular matter involving specific parties, the employee shall not seek, obtain, or renegotiate credit or indebtedness with an entity that is or represents a party to the matter. This prohibition also applies to a particular matter involving specific parties pending at the Bureau in which the employee is not currently participating but of which the employee is aware and believes it is likely that he or she will participate.

(2) The prohibition in paragraph (a)(1) of this section continues for two years after the employee's participation in the particular matter has ended.

(b) *Prohibition on employee's spouse or minor child seeking, obtaining, or renegotiating credit or indebtedness.* The prohibition in paragraph (a) of this section shall apply to the spouse or minor child of an employee unless:

(1) The credit or indebtedness is supported only by the income or independent means of the spouse or minor child;

(2) The credit or indebtedness is obtained on terms and conditions no